

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JULIAN M.) APPEAL NO. 07-A-2745
MOUNT from the decision of the Board of) FINAL DECISION
Equalization of Latah County for tax year 2007.) AND ORDER

MANUFACTURED HOME LOCATED ON RURAL PROPERTY APPEAL

THIS MATTER came on for hearing February 22, 2008, in Moscow, Idaho before Presiding Officer Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Julian M. Mount appeared. Assessor Patrick Vaughan and Appraiser Susan Ripley appeared for Respondent Latah County. This appeal is taken from a decision of the Latah County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. RP42N05W250705A.

The issue on appeal is the market value of a manufactured home on rural land.

The decision of the Latah County Board of Equalization is affirmed

FINDINGS OF FACT

The assessed land value is \$35,198, and the improvements' valuation is \$129,032, totaling \$164,230. Appellant requests the land value remain \$35,198, and the improvements' value be reduced to \$103,000, totaling \$138,198.

The subject property is, a two bedroom, three bath, 2,054 square foot residence [manufactured home] built in 2006, located on a 40 acre parcel in Latah County. The 40 acres includes 36.7 acres of dry agriculture land, a one acre home site, and 2.30 acres of public road.

According to Respondent the cost of the triple wide residence was \$105,500, and the cost of the foundation was \$21,000. A garage was begun in August 2006. It was not finished therefore, it was not assessed for the current year. Appellant explained the cost of the residence included changes from the base cost, the kitchen island was moved and the residence was made

wheel chair accessible. Additional work was done to the foundation also. Appellant believed the market was soft and the assessment was not supported by the local market or sales. Appellant's Exhibit No. 1 consisted of prints out of William Conerly Ph.D's The Businomics™ Newsletter. Appellant noted the print out demonstrated the "Housing Starts . . ." were falling off sharply. The newsletter was from July, 2007 to December, 2007. According to Appellant, current economic problems are found in all aspects of the economy including higher interest loans on manufactured homes versus the interest on stick built home loans. These problems will impact the value of manufactured homes Appellant asserted.

For clarification the Appellant testified subject residence has two bedrooms and three baths. The County record indicated three bedrooms and 2 baths.

Appellant's Exhibit No. 3 is a copy of a Manufactured Home Appraisal Report, dated April 26, 2006. The report was produced for the original purchase loan. The report shows an opinion of value of \$262,000.

Two of the sales used in the Appraisal Report were also considered by the Assessor in the assessment calculations. The Assessor testified the focus for an appraisal for a loan is different than an appraisal for market value.

The State Tax Commission (STC) required the Assessor to increase the assessed values of manufactured homes located on Category 10, 12, and 15 (rural).

Respondent's Exhibit No. 1 included sales ratio studies before and after the STC's ordered 30% increase, a list of sales used in the ratio studies, and Respondent's three comparable sales. The comparables ranged in value from \$54.10 per square foot to \$80.57 per square foot. Subject is assessed for \$62.82 per square foot.

The Assessor furnished information on the ratio studies done on manufactured homes,

and bare land used to establish the assessed values of subject. The Assessor also furnished information on the ratio studies done by the STC on manufactured homes, STC's Order to re-address manufactured home assessments, and STC's ratio study of manufactured homes reflecting the required 30% trend.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The Assessor has a statutory requirement to assess property at market value.

Idaho law requires all property not expressly exempt be assessed at market value. See Idaho Code §§ 63-201(24), 63-203, 63-205(1), 63-208(1), 63-301, and 63-314. Recognized valuation methods for estimating market value include the cost, income, and sales comparison techniques. Market value is defined in Idaho Code § 63-201(10) as follows (see also Property Tax Administrative Rule 217, IDAPA 35.01.03.217.01)

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The Supreme Court has held market value determinations are primarily a factual issue which holding appears germane to the determination of subject's assessed value. See Merris v. Ada County, 100 Idaho 59, 593 P.2d 394 (1979) and Estate of Harry W. Morrison v. Idaho State Tax Comm'n, 98 Idaho 766, 572 P.2d 869 (1977).

Data utilized to establish market value is information of action prior to January 1, 2007 at

12.01 a.m. according to Idaho Code § 63-205.

Economic information presented by Appellant, although interesting, is not germane to this appeal. The role of the economy in market adjustments is not concrete enough to establish the market value. There are three generally accepted appraisal methods: cost, income, and market. Fairway Dev. Co. v. Bannock County, 113 Idaho 933 at 937, 750 P.2d 954 (1988). It is not what an expert thinks is the proper method of valuation or what is the best method, but is the method used by the assessor legitimate, fair and reasonable. Abbott v. State Tax Commission, 88 Idaho 200 at 206, 398 P.2d 221 (1965).

Idaho Code § 63-511(4) requires a preponderance of the evidence to sustain the burden of proof:

In any appeal taken to the board of tax appeals or the district court pursuant to this section, the burden of proof shall fall upon the party seeking affirmative relief to establish that the valuation from which the appeal is taken is erroneous, or that the board of equalization erred in its decision regarding a claim that certain property is exempt from taxation, the value thereof, or any other relief sought before the board of equalization. A preponderance of the evidence shall suffice to sustain the burden of proof.

The Board finds Appellant did not meet the burden of proof and therefore the Board affirms the decision of the Latah County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Latah County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED May 1, 2008